MANEUVER AMMUNITION SYSTEMS

PROJECT MANAGER
THE DECISIVE FORCE
MANEUVER AMMUNITION SYSTEMS

Second Source Strategy

MANEUVER AMMUNITION SYSTEMS

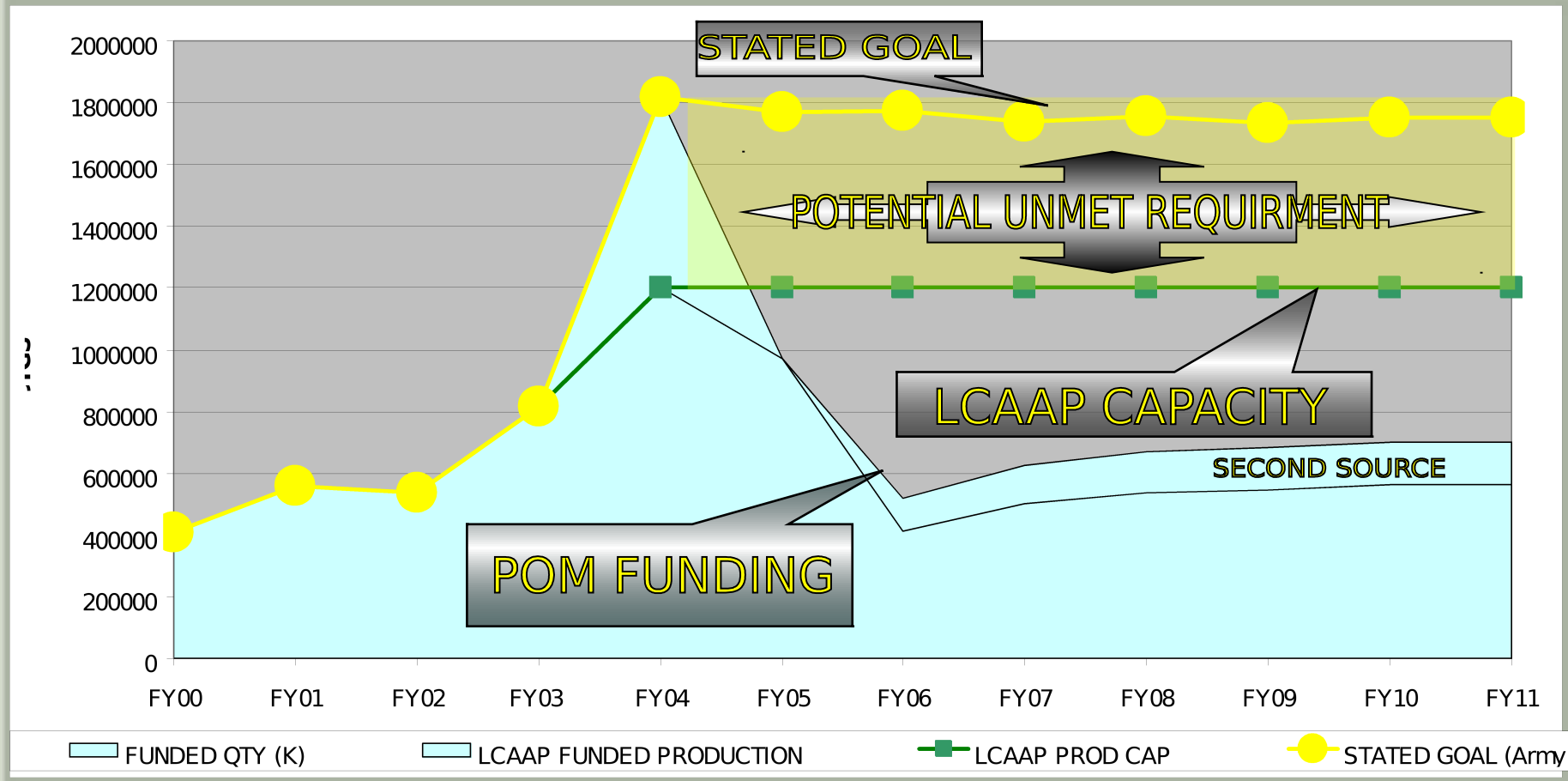
AGENDA

- Small Cal Sourcing Objectives
- FY04 - FY05 Quantities Based on Current Funding
- Alternatives Considered
- FY04 – FY05 Strategy
- Timeline For Recommended Acquisition Strategy
- Process Steps for FY 05 to FY 08
- Discussion / Issues
- Recommendation

Objectives

- **Evaluate Alternatives**
- **Determine Strategies**
  - **Near term**
    - **Strategy to Meet Current Shortfalls**
      - **Earliest Deliveries**
      - **Lowest Risk**
  - **Mid term**
    - **On Army Commitment; Establish Second Source(s) for Requirement above LCAAP Capability (FY05 – 08)**
    - **Position to Support Long Term Risk Mitigation**
  - **Long term**
    - **Re-compete LCAAP**
    - **Re-compete Second Source(s)**

Small Cal Ammo Scenarios



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CY04 Quantities Based on Current Funding

NOMENCLATURE	Contract Max	Requirements	Alt Source	LCAAP/ATK DO7
FY04				
5.56mm				
M855 (497M M855 Plus 78M Either M193/M855)	575,000,000	**518,831,880**	**0**	**518,831,880**
Linked		119,245,440	0	
Clipped		399,586,440	0	
M856	46,000,000	**44,431,080**	**0**	**44,431,080**
Linked		21,613,760	0	
Clipped		22,817,320	0	
M193	52,000,000	**21,330,960**	**0**	**21,330,960**
Carton Pack		0	0	
Clipped		21,330,960	0	
M200	324,000,000	**396,598,880**	**72,598,880**	**324,000,000**
Linked		107,428,800	0	
Carton Pack		289,170,080	0	
Total Combat cases		**584,593,920**	**0**	**584,593,920**
Total Blank cases		**396,598,880**	**72,598,880**	**324,000,000**
Total 5.56mm requirement	**997,000,000**	**981,192,800**	**72,598,880**	**908,593,920**
7.62mm	**160,000,000**	**298,670,025**	**146,646,400**	**152,023,625**
.50 Cal	**43,000,000**	**69,512,140**	**27,454,200**	**42,057,940**
Total	**1,200,000,000**	**1,349,374,965**	**246,699,480**	**1,102,675,485** *

CY 04 ALT SOURCING GOALS

Note: LCAAP Delivery Orders Executed by Calender Year
FY 04 Money Executed Partialy in CY 03

* Walk in Budget: 97,324,515

MANEUVER AMMUNITION SYSTEMS

CY05 Quantities Based on Current Funding

NOMENCLATURE	Contract Max	Requirements	Alt Source	LCAAP/ATK DO8
FY05				
5.56mm				
M855 (497M M855 Plus 78M Either M193/M855)	**575,000,000**	**328,589,882**	**0**	**328,589,882**
Linked		86,019,002		
Clipped		242,570,880		
M856	**46,000,000**	**63,766,755**	**17,766,755**	**46,000,000**
Linked		14,862,050		
Clipped		48,904,705		
M193	**52,000,000**	**34,578,532**	**0**	**34,578,532**
Carton Pack		0		
Clipped		34,578,532		
M200	**324,000,000**	**429,036,639**	**105,036,639**	**324,000,000**
Linked		92,681,574		
Carton Pack		336,355,065		
Total Combat cases		**426,935,169**		
Total Blank cases		**429,036,639**		
Total 5.56mm requirement	**997,000,000**	**855,971,808**	**122,803,394**	**733,168,414**
7.62mm	**160,000,000**	**135,778,159**	**0**	**135,778,159**
.50 Cal	**43,000,000**	**35,313,056**	**0**	**35,313,056**
TOTAL	**1,200,000,000**	**1,027,063,023**	**122,803,394**	**904,259,629**

CY 05 ALT SOURCING GOALS

Note: LCAAP Delivery Orders Executed by Calender Year
FY 05 Money May Be Executed Partialy in CY 04

MANEUVER AMMUNITION SYSTEMS

CY05 Quantities Based on 1.8B Requirement (Millions)

NOMENCLATURE	Contract Max	Requirements	Incr to 1.8B	Total w/plus up	Alt Source	LCAAP/ATK DO8
FY05 Plus Up						
5.56mm						
M855 (497M M855 Plus 78M Either M193/M	**575,000,000**	**328,589,882**	**214,430,200**	**543,020,082**	**0**	**543,020,082**
Linked		86,019,002				
Clipped		242,570,880				
M856	**46,000,000**	**63,766,755**	**39,500,300**	**103,267,055**	**57,267,055**	**46,000,000**
Linked		14,862,050				
Clipped		48,904,705				
M193	**52,000,000**	**34,578,532**	**28,214,500**	**62,793,032**	**10,793,032**	**52,000,000**
Carton Pack		0				
Clipped		34,578,532				
M200	**324,000,000**	**429,036,639**	**282,145,000**	**711,181,639**	**387,181,639**	**324,000,000**
Linked		92,681,574				
Carton Pack		336,355,065				
Total Combat cases		**426,935,169**				
Total Blank cases		**429,036,639**				
Total 5.56mm requirement	**997,000,000**	**855,971,808**	**564,290,000**	**1,420,261,808**	**455,241,726**	**965,020,082**
7.62mm	**160,000,000**	**135,778,159**	**162,330,000**	**298,108,159**	**138,108,159**	**160,000,000**
.50 Cal	**43,000,000**	**35,313,056**	**46,380,000**	**81,693,056**	**38,693,056**	**43,000,000**
Total	**1,200,000,000**	**1,027,063,023**	**773,000,000**	**1,800,063,023**	**632,042,941**	**1,168,020,082** *

CY 05 ALT SOURCING GOALS (STATED GOAL)

Note: LCAAP Delivery Orders Executed by Calender Year
FY 05 Money May Be Executed Partialy in CY 04

*** Walk in Budget: 31,979,918**

Alternatives Considered

- Expand LCAAP
- Build new GOCO
- Expand other GOCO
  - ARMS tenant
  - Facilitization (Gov’t or Operating Contractor)
- Direct Gov’t contracts for FY04 Urgency
- Gov’t contract to System Integrator for FY04 Urgency
- Gov’t contract to System Integrator for FY05 – 08
- Combination of above options

MANEUVER AMMUNITION SYSTEMS

FY04 Strategy

- **7.62mm - Award 3 Sole Source Contracts under Urgency**
  - **M82 Blank Linked (A111) – SNC or IMI ($13.8M, 55.0M quantity)**
  - **M80 Ball 4:1 Linked (A131) – IMI or SNC ($31.6M, 68.4M quantity)**
  - **M80 Ball Linked (A143) – Olin ($10.3M, 22.6M quantity)**
  - **Still awaiting additional input from SNC (6 Feb)**
- **.50 Cal – Complete market survey evaluation**
  - **Ctgs under consideration are:**
    - **M33 Ball Linked (A555)**
    - **M33 Ball/M17 Tracer Linked (A557)**
    - **M1A1 Blank Linked (A598)**
  - **Five responses received (ATK LC, Olin, NATEC, IMI and AK Stamping)**
  - **Plan to award contracts under urgency, if feasible**
- **5.56mm – Market survey responses due 9 Feb**
  - **M200 Blank Carton (A080) under consideration**
  - **Plan to award contract under urgency, if feasible**

FY 04 Strategy is Executable With Some Risk

Timeline For FY04 Requirements

	FY04				FY05				FY06			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY04 URGENT REQUIREMENTS												
7.62mm Urgency Awards												
CTG M82 Blank Linked/M13 (A111) - 55M Ctgs												
CTG (4) M80 Ball / (1) Tracer Linked/M13 (A131) -- 68M Ctgs												
CTG M80 Ball Linked/M13 (A143) - 23M Ctgs												
Contract Award			▲									
First Article Test				▲								
Monthly Deliveries					▬	▬	▬	▬				
Potential .50 Cal / 5.56mm Urgency Awards												
CTG M82 Blank Linked/M13 (A111) - 55M Ctgs												
CTG (4) M80 Ball / (1) Tracer Linked/M13 (A131) -- 68M Ctgs												
CTG M80 Ball Linked/M13 (A143) - 23M Ctgs												
CTG M200 Blank (A080) - 73M Ctgs												
Contract Award			▲									
First Article Test				▲								
Monthly Deliveries					▬	▬	▬	▬				

7.62 MM

3 AWARDS PLANNED

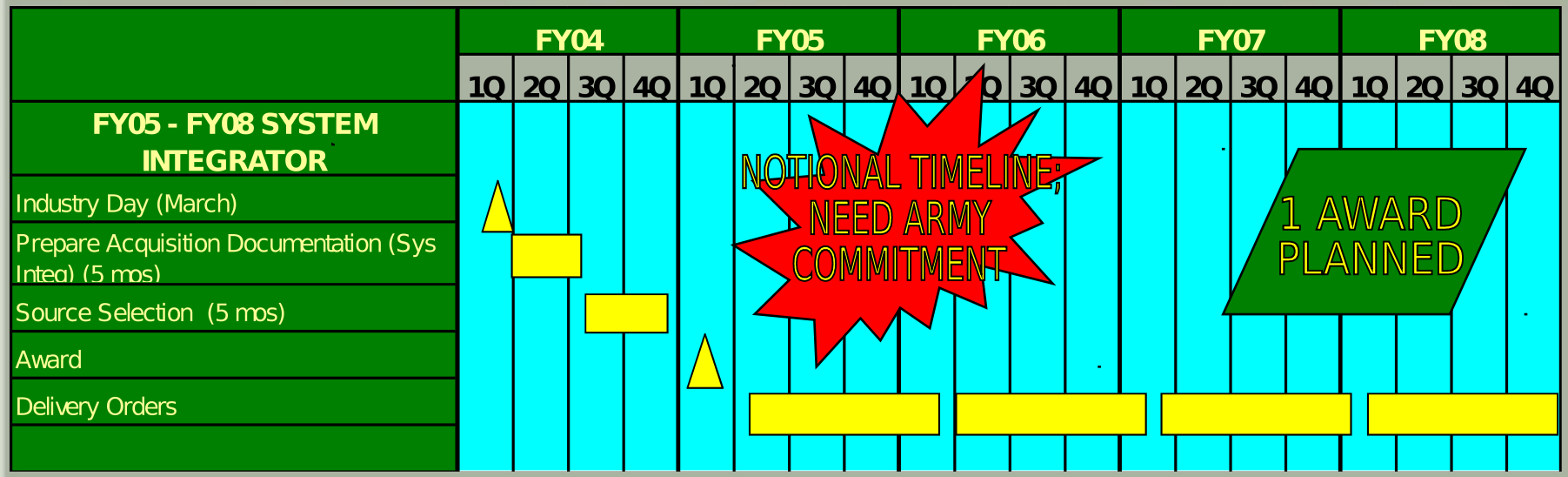
5.56MM + .50 CAL

3+ AWARDS POSSIBLE

FY05 Strategy

- **LCAAP to be fully work loaded up to family/model TPV maximum**
- **Award System Integrator contract (FY05 – 08)**
  - **Competition limited to NTIB**
  - **Indefinite quantity contract with minimum quantities**
    - **Multiple year, Firm Fixed Price Ranges**
  - **FY05 – 06 deliverables can be obtained from worldwide qualified sources**
  - **Contractor to self facilitize for U.S./Canada production within 24 months after award**

System Integration Contract

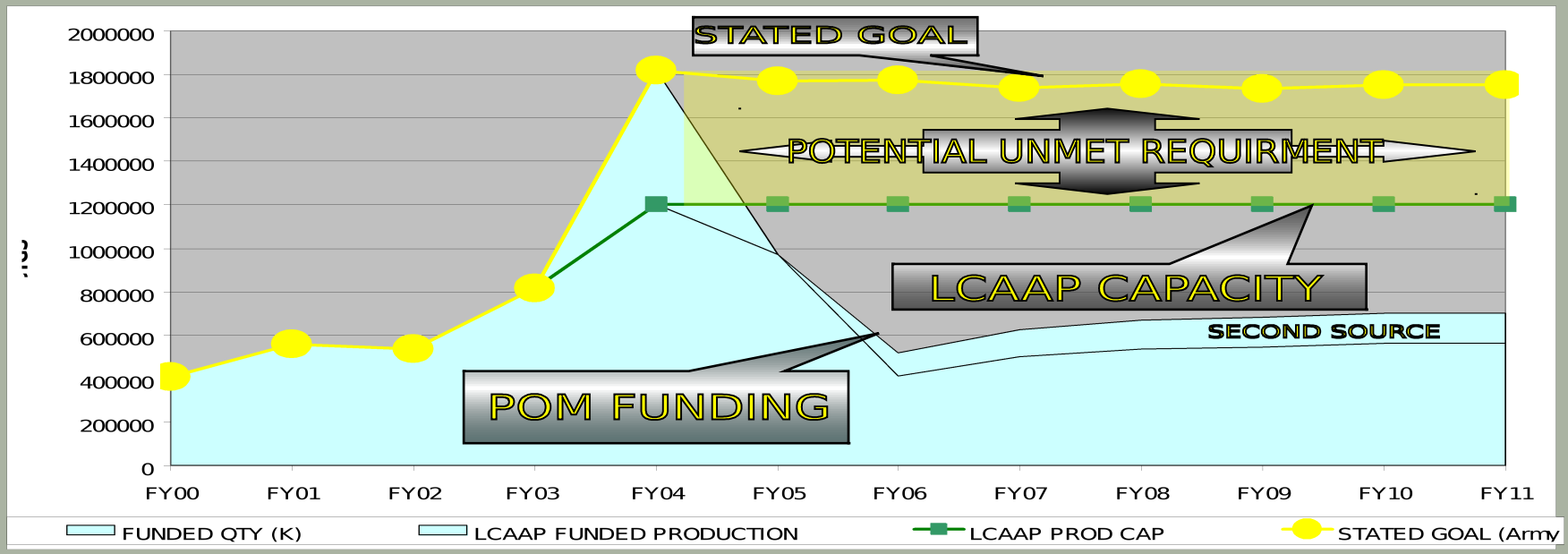


- **Process Steps to System Integrator**
  - **Inform Other Services**
  - **Industry Day**
  - **Procurement Package (SOW / TDP / PPI)**
  - **Acquisition Plan Approval**
  - **Section 806 Approval**
  - **J & A Approval at DA Level**
  - **Synopsis**
  - **Source Selection Plan**
  - **Issue Draft RFP**
  - **Receive Industry Comments**
  - **Issue Formal RFP**
  - **Receive Proposals**
  - **Initial Proposal Evaluations**
  - **Clarification / Discussions**
  - **Final Revised Proposals**
  - **Complete Final Evaluation**
  - **Prepare Award Documentation**
  - **Award**

Long Term Strategies

	FY04				FY05				FY06				FY07				FY08			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
LONG TERM (FY06-08)																				
Develop Strategy LCAAP & Second Source Contracts																				
Develop RFP's & Complete Source Selection																				
Awards																				

LONG TERM 2ND SOURCE NEEDED TO MITIGATE RISK



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Discussion / Issues

- **Breakdown of 1.8B by DODIC**
  - **Needed to determine if LCAAP TPVs are met**
  - **Identify all DODICs considered for System Integrator**
  - **Identify potential minimums**
  - **Conditions to increase LCAAP TPV**
- **Maximize LCAAP TPV in early calendar year ?**
  - **Confidence level of walk-ins to meet max quantity TPV level**
  - **Availability Of FY05 Money**
- **Other Services**
  - **Timing of Funding / Army Obligation**
  - **Coordinating Strategies**
- **Personnel**
  - **Need dedicated team for System Integrator effort**
  - **Need additional technical and program resources to execute numerous efforts**
- **GFM /GFE [Weapons for First Article Test (FAT) Lot Acceptance Test (LAT)]**
- **ATK Protest**
  - **Passing PEO & JMC Legal Opinions to DA JAG for Review**

PEO - PM Can Control Most Issues. Requirements, POM Commitment and ATK Protest on Second Sourcing Under Least PEO Control

Recommendations

Concur in proposed strategy:

- **Immediate urgent buys**
- **Mid-term system integrator**
- **Re-compete LCAAP and second source contract in FY08**

One Star E-Mail to G3, G4, G8 One Stars to outline strategy and enlist support for real Army commitment in POM